

Narrative to the budget setting for 2017/18 and estimates for 2018/19 and 2019/20

Background to the process.

The Parish Council considers the basic function of budget setting is to ensure that the Parish Council has sufficient funds available to ensure it can meet its planned expenditure and withstand shocks and unexpected claims for funding of projects identified during a financial year by parishioners and supported by the community.

The budget process covers not just the Parish Council and its duties and services but also the Devolution Budget for which here remains a clear commitment to residents that devolved services would not result in an increase in the Parish precept.

The budget process operates in two stages.

The first stage is to consider the planned expenditure. This process considers historical costs and variances in the current year, together with a realistic estimate of increases in costs, due to inflation and external changes older such as the living wage and the introduction of stakeholder pensions, to set funding levels for the following 3 years.

The second stage is to review the financial risks and shocks the Parish Council could be exposed to over the same period. These risks include

- the long-term loss of the Clerk for illness or other reason necessitating the need to incur the expense of the salary of a locum Clerk;
- loss of income from the car park because of bad weather, failure of the ticket machine, theft or changes in legislation;
- mismanagement or misappropriation of the parish or devolution budget;
- maintenance and /or replacement of parish council assets both planned, albeit within an inexact science of life expectancy and the age of some long-standing assets, and unexpected events resulting from extreme weather conditions.

Each year the funding to cover these risks will be assessed as set out in the parish council's financial retention policy. This stage establishes the reserves it is prudent for the parish council to hold, to which must be added a sum to cover new initiatives brought forward by residents and supported by the community requiring urgent action and ring fenced sums for particular activities such as income from the new moorings at Portwrinkle Harbour, footpath projects and the flower beds.

Explanation of the budget table

The budget table is split into two parts, the parish council and the devolution activities. In both parts the years up to 2016/17 show actual expenditure, 2016/17 shows current expenditure to 1/1/17 and the estimated end of year expenditure and subsequent years show the estimated income and expenditure.

Under the parish council part, the top rows show the expected income. This covers the precept together with known other income which includes the Local Maintenance Agreement covering footpaths and safety amenity area cuts and repayment of VAT. The precept is increased in-line with the current council policy of increases of 10% in 2016/17, 5% 2017/18 and thereafter 2% each year. The 10% increase was to allow for the pension liabilities, living wage and increases approved in the Clerks hours that came into effect in 2016/17 and to provide funds for expenditure on community lead initiatives.

The lower rows of the parish council show expenditure against the main expenditure headings. The increase going forward are based on the best estimate of how charges will change over time.

The lowest seven rows show:

- the reserves in the current account,
- the asset replacement liabilities that could be required in that financial year,
- the unrestricted reserves that should always exceed at a minimum the asset replacement liabilities, and in the bottom row
- restricted reserves for ring fenced accounts such as the harbour and the circular footpath, combined up to 2016/17 and separate by use from that year forward.

Similar descriptions apply to the three sub-sections of the Devolution part of the budget table. The car park income is the best estimate going forward allowing for good and poor summers but excluding any increases in parking fees that might be introduced in future years.

The expenditure estimates look back at previous expenditure and then moves those actual expenditures forward using best estimates of the likely percentage increases; increase of between 2 and 5% per cent have been used in general.

The lower five rows show

- the reserves in the Deposit account,
- the reserves in the business or current account,
- the unrestricted reserves which are the sum of the two bank accounts and should always exceed the potential liabilities for repair in that year; and in the bottom two rows
- restricted reserves for ring fenced amounts for the flower beds;
- restricted reserves for potential liabilities such as repairs to the toilets and resurfacing the car park.

Additionally, the Parish Council has a financial reserves policy for ensuring that unforeseen events can ensure the Parish Council continues to operate. For the 2017/18 year that is set at £39,000 plus the restricted funds Currently the unrestricted reserves from the parish council and devolution account covers this and stands at £40,600.